



Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

P.O. Box 200901 • Helena, MT 59620-0901 • (406) 444-2544 • www.deq.mt.gov

April 17, 2007

Shane Parrow
Elkhorn Goldfields, Inc.
P.O. Box 41
Boulder, MT 59632

RE: Authorization MTR300264 to Discharge under the General Permit for Storm Water Discharge Associated with Mining and with Oil and Gas Activities (General Permit) at Elkhorn Mine Site located in Jefferson County, Montana. Lat: N46° 16' 27" and Long: W111° 57' 01")

Dear Mr. Parrow:

The Department of Environmental Quality's Water Protection Bureau has reviewed the revised application for a Montana Pollutant Discharge Elimination System (MPDES) Permit Authorization to discharge storm water associated with Elkhorn Mine Site Project located near historic mining town of Elkhorn, Montana. The Department has determined this facility's storm water discharge qualifies for coverage under the November 17, 2002 General Permit.

Therefore, authorization is herewith granted to discharge at the above-referenced facility location only, under the provisions of the November 17, 2002 General Permit, a copy of which is attached. The General Permit is valid only when accompanied by this Permit Authorization letter. The Permittee is subject to the provisions and requirements of the General Permit. The Permittee is Elkhorn Goldfields, Inc. - owner/operator as identified on the permit application received by the Department on April 10, 2007. The receiving waters for the discharge of storm water from this facility are Elkhorn Creek and Greyback Gulch.

A copy of the General Permit, this Permit Authorization letter, and the Storm Water Pollution Prevention Plan (SWPPP) must be maintained at the facility and made available to inspectors of this facility upon request.

The General Permit states requirements pertaining to the SWPPP in Part III of the General Permit. The Permittee shall evaluate, and revise as necessary, the SWPPP to comply with any new applicable requirements in this November 17, 2002 General Permit. The revised SWPPP (or portions thereof) must be submitted to the Department within 90 days of the receipt of this Permit Authorization letter. Part V.G. of the General Permit provides the signatory requirements for a SWPPP.

Your facility is subject to the self-monitoring and reporting requirements of Part II.A. of the General Permit. Please refer to the General Permit for specific monitoring and reporting requirements. Based on your facility's Standard Industrial Classification codes (Primary # 1041 and Secondary #s 1021), the Department has developed specific monitoring parameters for analysis and reporting. Elkhorn Goldfields will be responsible for sampling and analysis of the following parameters at your facility's storm water discharge outfalls 001 & 002:

Oil and Grease (EPA Method 1664 – mg/l)
Total Suspended Solids (TSS – mg/l)
Chemical Oxygen Demand (COD – mg/l)
pH (standard units)
KJELDAHL Nitrogen

Nitrate + Nitrite as N (mg/l)
Total phosphorus (mg/l)
Total recoverable copper (mg/l)
Total recoverable aluminum (mg/l)
Total recoverable arsenic (mg/l)
Total recoverable iron (mg/l)
Total recoverable lead (mg/l)
Total recoverable sulfate (mg/l)

The Department has developed a standard Discharge Monitoring Report (DMR) form that must be completed and submitted to the Department. This form will be used for all sampling events and reporting periods after the date of this Permit Authorization letter. Due to the issuance date of this Permit Authorization letter, storm water sampling and reporting may begin with the July to December 2007 period.

A standard form has also been developed for the annual Compliance Evaluation Report that is required to be submitted to the Department under Part III.D.3. of the General Permit. **All Permittees must complete and submit this annual Compliance Evaluation Report.** This requirement commences immediately upon issuance of this Permit Authorization letter.

Since the Elkhorn Mine is subject to the self-monitoring and reporting requirements of Part II.A. of the General Permit, Sections Two and Three of the reporting forms must be submitted to the Department by July 28th of each year. Sections One, Two, and Three must be completed for submittal to the Department by January 28th of each year. Please refer to and follow the instructions on these reporting forms.

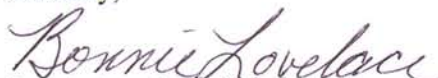
A copy of both of the aforementioned reporting forms is attached to this Permit Authorization letter. These reporting forms should be photocopied for future use. A copy of these forms may also be obtained from the DEQ's website at the following address: <http://www.deq.mt.gov/wqinfo/MPDES/StormwaterMining.asp>. These forms may also be obtained directly from the Department upon request.

A violation of, or noncompliance with, any provision of the General Permit is subject to enforcement action pursuant to the Montana Water Quality Act.

Issuance of a Permit Authorization under this General Permit does not waive obligations to obtain other permits that may be required.

Should you have any questions, please contact Storm Water Program staff at (406) 444-3080.

Sincerely,



Bonnie Lovelace, Chief
Water Protection Bureau
Permitting and Compliance Division

Attachments: General Permit for Storm Water Discharge Associated with Mining and With Oil and Gas Activities
Reporting Forms